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# *Economics of*



## **STORING CORN *on* the FARM**

If you want to get the highest return for your 1954 corn crop you will need storage. For many farmers this will mean building new bins and cribs or converting existing buildings for storage of ear and shelled corn.

Solving your corn storage problem depends upon the kind of farming you do. Farmers who plan to feed their corn to livestock will have to provide necessary storage. Cash corn farmers and livestock farmers with surplus corn are, however, concerned with when to sell to get the most money. The average farm price for corn last November and December was \$1.37 a bushel. By March 15 the average price had risen to \$1.44--a gain of 7 cents a bushel. More important, however, the November-December average farm price was 23 cents a bushel below the Government support price. These are averages, but they give you something to think about and a basis for comparison.

### **BIG STOCKS AND RECORD CARRYOVER IN 1954**

Stocks of corn in the United States are up to record high levels. On April 1, stocks on farms were about 1.5 billion bushels. The carryover of old-crop corn on October 1, 1954, is expected to exceed 900 million bushels--about 10 percent

more than for any previous year. On the basis of farmers' intentions to plant as of March 1 and average yields, the 1954 crop would be over 3 billion bushels. This means that the total storage requirement for the season 1954-55 could be approximately 4 billion bushels--the largest we have had except for 1949-50.

If you do not have enough storage for proper handling of resealed corn from previous crops plus the 1954 crop, you may be faced with serious loss in quality and be unable to take advantage of Government price support programs. This will increase the Commodity Credit Corporation's own bin capacity to about 735 million bushels in 1954. It is still necessary, however, for farmers and commercial storage operators to do everything possible to increase other storage space for use this year. The CCC bins are used to house stocks from former crops which are "taken over" by CCC at the end of loan or purchase agreement periods. In general these CCC bins are not available for farmers' use in storing the current year's crop. And the increase in CCC bins is not enough, anyway, to make up the expected shortage in total storage this year.

#### HARVESTTIME PRICES USUALLY LOWER

The average farm price of corn is usually lowest in November and December. The highest prices are normally in July, August, and September. In 4 of the last 6 marketing years the price has gone up after harvest. The range has been from 6 to 38 cents a bushel. More important, the harvest-time price in 5 out of the past 6 crop years



was below the CCC support price. The range has been from 6 cents a bushel below support in 1948 to 34 cents a bushel in 1950. In 1953 the United States average farm price during harvest was 23 cents a bushel below support.

### ADVANTAGE OF FARM STORAGE

If you placed 1953-crop corn under loan or purchase agreement you would have been ahead after paying the cost of storage and loan fees. In addition, if the market price goes high enough you can pay off your loan with interest at 3½ percent and get an even greater net return.

The farm storage payment of 15 cents a bushel by Commodity Credit Corporation for corn under the resale program is an important factor in deciding to build additional farm storage space. Loans on both 1952- and 1953-crop corn stored on farms may be extended for another year. The resale period runs from August 1, 1954, to July 31, 1955. This program gives you the advantage of keeping the corn on the farm. The loans may then be repaid and the corn used for feed or sold if market prices are favorable.

### COST OF FARM STORAGE

Available research shows that the cost of building new farm storage varies according to size and type of structure. For example, a double wood crib to hold ear corn ranging from 1,000- to 5,000-bushel capacity will cost from \$1.32 down to 78 cents a bushel. Steel buildings with similar capacities, including fans, motors, and tunnels for unheated air drying, will cost a little more, ranging from \$1.84 a bushel for 1,100-bushel capacity down to \$1 a bushel for 5,000-bushel capacity. If aeration equipment is eliminated in the steel buildings, as was done for the wood cribs, the costs will be about the same for the two types of structures.

## Cost to Build per Bu.



1,000 Bu. ....	\$1.32
5,000 Bu. ....	.78

WHICH?



1,100 Bu. ....	1.84
5,000 Bu. ....	1.00

Including fans, etc.



1,000 Bu. ....	.52
5,440 Bu. ....	.31

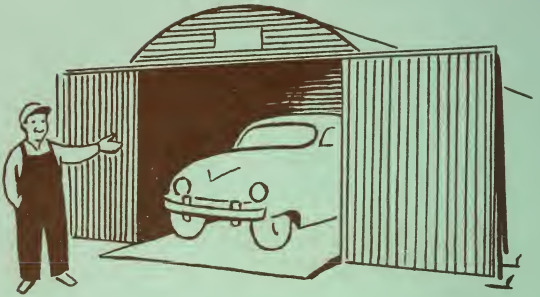
Round steel bins suitable for shelled corn are cheaper to build, ranging from 31 to 52 cents a bushel, depending upon size. A 5,440-bushel round bin, including aeration equipment, costs 31 cents a bushel to build, as compared with 52 cents a bushel for 1,000-bushel capacity.

Allowing for depreciation, repairs, taxes, and other costs, the annual charge for storing ear corn will range from 12 to 23 cents a bushel, depending upon the size and type of structure. Annual costs for storing shelled corn in round steel bins ranges from 10 to 23 cents a bushel.

These costs are based on permanent-type storage structures that meet all recommended requirements. Temporary structures for ear corn would cost less to build but increase the hazard of shrinkage, spoilage, and insect and rodent damage. In areas of high humidity it may also be necessary to consider the costs of drying with heated air.







The type of structure to build depends on your location, the amount of space you already have, and whether you store ear corn or shelled corn. Careful consideration should be given to the need for dual-purpose buildings that can be used for other purposes when not in use for storing grain.

### STORAGE RISK

You can safely store corn on the farm in all sections of the country without loss of grain or quality if it is:

1. Dry enough.
2. Stored in structures that protect from moisture absorption, insects, rodents, birds, and other hazards.
3. Properly fumigated and ventilated.

Generally a safe moisture content is 13 percent for shelled corn in the central Corn Belt. In warmer, more humid areas the moisture content of shelled corn when placed in storage should be 1 to 2 percent lower than average, and mechanical drying may be required. Drying costs range from 2 to 5 cents a bushel for shelled corn.

Good storage practices are important in all sections of the country but are absolutely essential in the more humid areas. You can get more definite recommendations on storage methods and practices from your county agricultural agent.

## HELP AVAILABLE

If you don't have the money to build farm storage you can get a Government loan for 80 percent of the assembled cost of bins and for 75 percent of the cost of drying and ventilating equipment needed to keep the corn in good condition. These loans are available through the County Agricultural Stabilization and Conservation Committees and may be repaid over a 3- or 4- year period with an interest rate of 4 percent. You can write off the investment costs as Federal income tax deductions over a 5-year period.

You can buy readymade storage bins, or you can get plans from your county agricultural agent for space you can build. You can also buy or build structures that can be put to other farm uses when not needed for grain.

## TIME TO ACT

In a few short months corn harvesttime will be here. Now is the time to decide whether you will need more farm storage in 1954 to reseal old corn and to store the new crop. Analyze your situation. Decide what is best for you to do. Act now. See your county agricultural agent and Agricultural Stabilization and Conservation Committee for additional information.

